

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: DAPHNE HUANG
DEPUTY ATTORNEY GENERAL

DATE: JANUARY 7, 2015

SUBJECT: FIRST STEP INTERNET, LLC'S ETC APPLICATION AND REQUEST
FOR EXPEDITED CONSIDERATION, CASE NO. FSI-T-14-01

On December 22, 2014, First Step Internet, LLC (the Company) applied to the Commission for a conditional Order designating it as an eligible telecommunications carrier (ETC) so it can participate in the Federal Communications Commission's (FCC's) Rural Broadband Experiments (RBEs). The RBEs are intended to bring "robust, scalable broadband networks" to rural communities unserved by "an unsubsidized competitor that offers voice and Internet access delivering at least 3 Mbps downstream/768 kbps upstream."¹ On December 5, 2014, the FCC provisionally selected the Company to receive funding for the RBE. Application at 1. The funding is contingent on the Company meeting certain technical and financial qualifications which include obtaining ETC designation from this Commission by March 5, 2015. Application at 1.

THE APPLICATION

First Step Internet is a facilities-based regional Internet Service Provider, providing fixed broadband Internet access services, and "a variety of fixed terrestrial broadband services, including dial up, DSL, fiber, cable Internet and fixed wireless broadband services." *Id.* at 2. The Company also offers voice services using Voice over Internet Protocol (VoIP) technology. *Id.* The service area for which the Company requests designation is set forth in Exhibit 1 to the

¹ Application at 1 (*quoting Connect America Fund; ETC Annual Reports and Certifications*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90, 14-58, FCC 14-98 (re. Jul. 14, 2014) at ¶7).

Company's Application, but includes part of Washington, and parts of north and central Idaho. *Id.* at 1.

First Step Internet requests ETC designation on an expedited basis – that is, before the end of February 2015 – to satisfy requirements for the Company to participate in and receive funding for the FCC's Rural Broadband Experiments (RBEs). *Id.* at 2. The RBEs, initiated by the FCC in July 2014, are part of the FCC's efforts at comprehensive reform of the universal service system through the Connect America Fund, established in November 2011. Application at 3; *see USF/ICC Transformation Order Connect America Fund; National Broadband Plan for Our Future, et seq., Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17,663 (2011). The RBEs use Connect America funding to advance broadband networks in rural communities, in price cap areas. Application at 3. The FCC provisionally selected First Step Internet to receive RBE funding, but requires the Company to obtain and confirm ETC status, among other technical and financial qualifications. *Id.* at 1-2. First Step Internet asks the Commission to grant the Company ETC status that is "conditional and effective upon it being awarded" FCC funding for participation in the RBE. *Id.* at 2.

The Company asserts this Commission has authority to designate it an ETC under federal and state law. Application at 4; *see* 47 U.S.C. § 214(e), *Idaho Code* § 62-615(1). The Company states it qualifies for ETC designation under the federal Telecommunications Act (47 U.S.C. § 214(e)(1)), the Federal Communications Commission's eligibility rules (47 C.F.R. § 54.101(a)), and other requirements set forth by this Commission, outlined in the Appendix to Commission Order No. 29841. *See id.* at 4-9. Specifically, the Company asserts it satisfies the requirements for designation as an ETC in that it: (1) has common carrier status; (2) commits and is able to provide services supported by federal universal support mechanisms; (3) will advertise the availability of supported services; (4) will, through its ETC designation, advance the public interest, convenience and necessity; (5) is not seeking ETC designation for any part of Tribal lands; (6) commits and is able to provide supported services as required by this Commission for ETC status; (7) is capable of managing traffic and maintaining functionality without an external power source; (8) complies with applicable consumer protection and service quality standards; and (9) will comply with annual reporting requirements established by this Commission. Application at 4-9.

First Step Internet states that granting it ETC designation will serve the public interest by enabling it to “provide ongoing support to immediately accelerate deployment of networks for voice and broadband services in unserved areas.” *Id.* at 9-10. The Company further asserts that approval of its Application “will increase customer choice and . . . make available new service offerings, including wireless broadband and Lifeline services.” *Id.* at 10.

The Company submitted two exhibits in support of its Application.

STAFF RECOMMENDATION

Staff recommends that the Commission process First Step Internet’s Application under Modified Procedure with a 21-day comment period.

COMMISSION DECISION

Does the Commission wish to process First Step Internet’s Application under Modified Procedure with a 21-day comment period?

/s/ Daphne Huang

Daphne Huang
Deputy Attorney General

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